

SUPPLEMENTARY INFORMATION

WOODFORD COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2004

	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ -	\$ 2,386,968	\$ 61,485	\$ 2,448,453
Other receivables	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
Total assets	<u>\$ -</u>	<u>\$ 2,386,968</u>	<u>\$ 61,507</u>	<u>\$ 2,448,475</u>
Fund Balances				
Reserved for:				
Unreserved, reported in:				
Building funds	\$ -	\$ 2,386,968	\$ -	\$ 2,386,968
Debt service funds	<u>-</u>	<u>-</u>	<u>61,507</u>	<u>61,507</u>
Total fund balances	<u>-</u>	<u>2,386,968</u>	<u>61,507</u>	<u>2,448,475</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 2,386,968</u>	<u>\$ 61,507</u>	<u>\$ 2,448,475</u>

WOODFORD COUNTY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS**

Year ended June 30, 2004

	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
From local sources				
Property taxes	\$ -	\$ 1,832,808	\$ -	\$ 1,832,808
Earnings on investments	-	-	335	335
State sources				
Other	344,360	21,977	528,805	895,142
Other revenues	-	262,000	-	262,000
Total revenues	<u>344,360</u>	<u>2,116,785</u>	<u>529,140</u>	<u>2,990,285</u>
Expenditures				
Support services				
Debt service	-	240	2,149,592	2,149,832
Total expenditures	<u>-</u>	<u>240</u>	<u>2,149,592</u>	<u>2,149,832</u>
Excess (deficit) of revenues over expenditures	<u>344,360</u>	<u>2,116,545</u>	<u>(1,620,452)</u>	<u>840,453</u>
Other financing sources (uses)				
Proceeds from sale of bonds	-	-	-	-
Operating transfers in	-	-	1,620,787	1,620,787
Operating transfers out	(344,360)	(1,276,427)	-	(1,620,787)
Total other financing sources (uses)	<u>(344,360)</u>	<u>(1,276,427)</u>	<u>1,620,787</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	840,118	335	840,453
Fund balance, July 1, 2003	<u>-</u>	<u>1,546,850</u>	<u>61,172</u>	<u>1,608,022</u>
Fund balance, June 30, 2004	<u>\$ -</u>	<u>\$ 2,386,968</u>	<u>\$ 61,507</u>	<u>\$ 2,448,475</u>

WOODFORD COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF ASSETS, LIABILITIES AND DUE TO/FROM OTHER STUDENT GROUPS - ACTIVITY FUNDS

June 30, 2004

	Woodford County High School	Woodford County Middle School	Huntertown Elementary School	Northside Elementary School	Simmons Elementary School	Southside Elementary School	Woodford County Adult Education Center	Woodford County Community Education Center	Totals
Assets									
Cash	\$ 180,475	\$ 53,933	\$ 28,766	\$ 2,587	\$ 4,729	\$ 18,558	\$ 5,211	\$ 128,290	\$ 422,549
Accounts Receivable	<u>552</u>	-	-	-	-	-	-	-	<u>552</u>
Total Assets	\$ <u>181,027</u>	\$ <u>53,933</u>	\$ <u>28,766</u>	\$ <u>2,587</u>	\$ <u>4,729</u>	\$ <u>18,558</u>	\$ <u>5,211</u>	\$ <u>128,290</u>	\$ <u>423,101</u>
Liabilities									
Accounts Payable	\$ 6,459	\$ 2,863	\$ -	\$ -	\$ -	\$ 832	\$ -	\$ 1,180	\$ 11,334
Due to/from other student groups	<u>174,568</u>	<u>51,070</u>	<u>28,766</u>	<u>2,587</u>	<u>4,729</u>	<u>17,726</u>	<u>5,211</u>	<u>127,110</u>	<u>411,767</u>
Total Liabilities and Due To/From Other Student Groups	\$ <u>181,027</u>	\$ <u>53,933</u>	\$ <u>28,766</u>	\$ <u>2,587</u>	\$ <u>4,729</u>	\$ <u>18,558</u>	\$ <u>5,211</u>	\$ <u>128,290</u>	\$ <u>423,101</u>

WOODFORD COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN DUE TO/FROM OTHER STUDENT GROUPS-- ACTIVITY FUNDS

Year ended June 30, 2004

	Woodford County High School	Woodford County Middle School	Huntertown Elementary School	Northside Elementary School	Simmons Elementary School	Southside Elementary School	Woodford County Adult Education Center	Woodford County Community Education Center	Totals
Revenues from student activities	\$ 429,747	\$ 230,953	\$ 46,099	\$ 20,228	\$ 44,527	\$ 66,023	\$ 8,317	\$ 350,712	\$ 1,196,606
Non-instructional expenses	<u>432,554</u>	<u>224,044</u>	<u>43,965</u>	<u>18,831</u>	<u>42,742</u>	<u>69,428</u>	<u>7,127</u>	<u>328,725</u>	<u>1,167,416</u>
Excess (deficit) of revenues over expenditures	(2,807)	6,909	2,134	1,397	1,785	(3,405)	1,190	21,987	29,190
Fund balance, due to/ from other student groups, July 1, 2003	<u>177,375</u>	<u>44,161</u>	<u>26,632</u>	<u>1,190</u>	<u>2,944</u>	<u>21,131</u>	<u>4,021</u>	<u>105,123</u>	<u>382,577</u>
Fund balance, due to/ from other student groups, June 30, 2004	<u>\$ 174,568</u>	<u>\$ 51,070</u>	<u>\$ 28,766</u>	<u>\$ 2,587</u>	<u>\$ 4,729</u>	<u>\$ 17,726</u>	<u>\$ 5,211</u>	<u>\$ 127,110</u>	<u>\$ 411,767</u>

WOODFORD COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN DUE TO/FROM OTHER STUDENT GROUPS WOODFORD COUNTY HIGH SCHOOL

Year ended June 30, 2004

	<u>Fund Balance</u> <u>July 1, 2003</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance</u> <u>June 30, 2004</u>
11 th Region Baseball	\$ 246	\$ -	\$ 246	\$ -
Academic Team	-	133	47	86
Advanced Placement	3,425	26,016	27,489	1,952
Art Club	1	299	125	175
Athletic Coke Funds	461	100	561	-
Athletic Trainer	-	175	175	-
Band	166	73,938	71,393	2,711
Band Savings	4,753	25	-	4,778
Baseball	1,236	10,137	11,078	295
Beta Club	580	4,987	4,167	1,400
Boys Basketball	2,322	16,276	14,872	3,726
Boys Soccer	10,583	9,205	12,766	7,022
Cheerleaders	-	14,054	14,054	-
Chorus	-	731	731	-
Class of 2007	-	6,354	1,657	4,697
Class of 2006	914	-	914	-
Class of 2005	4,815	15,813	13,569	7,059
Class of 2004	3,626	5,931	7,342	2,215
Coca-Cola Fund	98	1,112	1,210	-
Creative Writing	390	574	465	499
Cross Country	4,137	6,097	4,176	6,058
D. Dinnis Scholarship	2,143	585	794	1,934
Dance Team	1,040	12,021	13,061	-
District Softball	258	8	266	-
Drama Club	3,017	452	-	3,469
Drama Production	3,265	3,184	3,426	3,023
Environmental Club (SEEK)	859	1,614	1,569	904
Extended Campus Program	240	271	42	469
Fellowship Christian Athletes	69	708	686	91
FBLA	734	3,690	3,200	1,224
FCS Food Account	-	1,496	1,462	34
FFA	6,619	9,743	12,365	3,997
FHA	1,139	7,369	7,520	988
Football	9,038	25,522	22,941	11,619
French Club	56	35	5	86
Freshman Class	-	7,462	7,462	-
Future Educators	-	290	150	140
Girls Basketball	-	22,366	22,366	-
German Club	53	-	-	53
Girls Soccer	3,713	5,095	7,511	1,297
Golf	355	3,798	4,153	-
Harambi Choir	1	-	1	-
Horticulture Fund	3,601	3,393	3,459	3,535
HOSA (Medical Arts Club)	115	1,350	1,400	65
I.D. Account Fund	10,112	36,999	34,494	12,617
Industrial Arts Club	487	180	499	168
International	445	320	701	64

WOODFORD COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN DUE TO/FROM OTHER STUDENT GROUPS WOODFORD COUNTY HIGH SCHOOL - CONTINUED

Year ended June 30, 2004

	Fund Balance July 1, 2003	Receipts	Disbursements	Fund Balance June 30, 2004
Key Club	\$ 1,627	\$ 1,564	\$ 2,735	\$ 456
Language Arts Paperbacks	131	-	-	131
Language Arts Special Account	151	-	-	151
Library Fund	1,211	438	1,649	-
Lost/Damaged Books	45	826	871	-
Mat Maids	390	-	-	390
Media Club	4,701	4,498	6,733	2,466
Miscellaneous Fund	1,165	15,995	17,160	-
Newspaper	17,631	10,987	6,699	21,919
Parking Lot Fund	3,466	6,149	9,485	130
Pep Club 400	1,503	220	599	1,124
Pepsi-Cola Fund	193	597	790	-
Boys Soccer-WCI	-	2,928	2,928	-
Girls Soccer-Sectional	-	2,321	2,321	-
SADD Fund	721	402	-	1,123
Smoking Area	227	-	66	161
Softball	1,133	4,841	5,973	1
Spanish Club	615	175	97	693
Spanish Honor Society	-	325	310	15
Spirit Store	106	9,699	7,630	2,175
Student Council	-	3,561	3,525	36
Student Incentive	499	2,200	1,963	736
Swimming	-	2,106	2,106	-
Technology Account	2,000	323	1,923	400
Tennis	1,065	2,090	2,634	521
Textbook Rental	-	32,204	32,158	46
Track	3,560	6,711	7,236	3,035
Vo-Ag Fund	1,137	553	685	1,005
Vo-Ag Savings	37,000	-	-	37,000
Vo-Ag Scholarship Fund	841	2,040	750	2,131
Vo-Ag Shop Machines	3,487	3,799	5,459	1,827
Volleyball	-	5,082	4,415	667
W.C. Montgomery Scholarship Fund	3,996	2,000	1,500	4,496
Woodford Singers	1,155	720	721	1,154
Woods/Carpentry	861	1,317	1,479	699
Wrestling	-	14,243	13,409	834
Yellow Jacket Camp	-	20	-	20
Y.E.S. Club	481	90	167	404
Young Farmers	1,165	485	1,478	172
Subtotal	177,375	481,417	484,224	174,568
Transfers	-	51,670	51,670	-
	\$ <u>177,375</u>	\$ <u>429,747</u>	\$ <u>432,554</u>	\$ <u>174,568</u>

WOODFORD COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

GENERAL FUND

Year ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
From local sources				
Property taxes	\$ 5,421,488	\$ 5,421,488	\$ 5,653,174	\$ 231,686
Motor vehicle taxes	736,933	736,933	725,036	(11,897)
Utility taxes	955,000	955,000	1,228,538	273,538
Distilled spirits taxes	252,441	252,441	115,380	(137,061)
Other taxes	-	-	185,374	185,374
Tuition and fees	28,800	28,800	29,314	514
Earnings on investments	75,000	75,000	82,217	7,217
Other local revenues	-	-	-	-
State sources				
SEEK	7,939,778	7,939,778	7,965,681	25,903
Other	18,500	18,500	3,066,787	3,048,287
Federal – indirect	-	-	15,128	15,128
Other revenues	32,500	32,500	118,954	86,454
Total revenues	<u>15,460,440</u>	<u>15,460,440</u>	<u>19,185,583</u>	<u>3,725,143</u>
Expenditures				
Instruction	11,138,367	11,138,367	13,153,286	(2,014,919)
Support services				
Student	663,001	663,000	734,069	(71,069)
Instruction staff	597,327	597,327	651,184	(53,857)
District administration	1,338,425	600,023	614,871	(14,848)
School administration	1,005,287	1,005,287	1,094,322	(89,035)
Business	252,891	289,297	278,499	10,798
Plant operation and maintenance	1,893,403	1,893,403	1,986,061	(92,658)
Student transportation	1,092,982	1,092,982	1,296,044	(203,062)
Central office	181,127	181,127	182,219	(1,092)
Facilities acquisition and construction	-	-	-	-
Community service activities	36,405	-	40,704	(40,704)
Debt service	-	-	-	-
Other expenditures	-	-	161,337	(161,337)
Contingency	-	774,080	-	774,080
Total expenditures	<u>18,199,215</u>	<u>18,234,893</u>	<u>20,192,596</u>	<u>(1,957,703)</u>
Excess (deficit) of revenues over expenditures	<u>(2,738,775)</u>	<u>(2,774,453)</u>	<u>(1,007,013)</u>	<u>1,767,440</u>
Other financing sources (uses)				
Proceeds from sale of bonds	-	-	-	-
Proceeds from sale of fixed assets	1,800	1,800	14,550	12,750
Operating transfers in	-	-	-	-
Operating transfers out	(40,000)	(40,000)	(34,333)	5,667
Total other financing sources (uses)	<u>(38,200)</u>	<u>(38,200)</u>	<u>(19,783)</u>	<u>18,417</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(2,776,975)</u>	<u>(2,812,653)</u>	<u>(1,026,796)</u>	<u>1,785,857</u>
Fund balance, July 1, 2003	<u>2,776,975</u>	<u>2,812,653</u>	<u>2,917,255</u>	<u>104,602</u>
Fund balance, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,890,459</u>	<u>\$ 1,890,459</u>

See independent auditor's report and accompanying
notes to financial statements

WOODFORD COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

SPECIAL REVENUE

Year ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources				
Property taxes	\$ -	\$ -	\$ -	\$ -
Motor vehicle taxes	-	-	-	-
Utility taxes	-	-	-	-
Distilled spirits taxes	-	-	-	-
Tuition and fees	-	-	-	-
Earnings on investments	100	100	267	167
Other local revenues	127,209	127,209	114,455	(12,754)
State sources				
SEEK	-	-	-	-
Other	1,060,060	1,060,060	1,043,834	(16,226)
Federal – indirect	1,516,608	1,531,852	1,399,498	(132,354)
Other revenues	-	-	-	-
Total revenues	<u>2,703,977</u>	<u>2,719,221</u>	<u>2,558,054</u>	<u>(161,167)</u>
Expenditures				
Instruction	2,504,938	2,380,050	2,203,592	176,458
Support services				
Student	161	161	(15)	176
Instruction staff	93,861	93,861	94,909	(1,048)
District administration	-	-	-	-
School administration	-	-	-	-
Business	-	72,823	61,117	11,706
Plant operation and maintenance	-	-	-	-
Student transportation	8,049	8,049	38,381	(30,332)
Central office	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Community service activities	137,219	204,277	194,403	9,874
Debt service	-	-	-	-
Other expenditures	-	-	-	-
Total expenditures	<u>2,744,228</u>	<u>2,759,221</u>	<u>2,592,387</u>	<u>166,834</u>
Excess (deficit) of revenues over expenditures	<u>(40,251)</u>	<u>(40,000)</u>	<u>(34,333)</u>	<u>5,667</u>
Other financing sources (uses)				
Proceeds from sale of bonds	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Operating transfers in	40,000	40,000	34,333	(5,667)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>40,000</u>	<u>40,000</u>	<u>34,333</u>	<u>(5,667)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(251)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, July 1, 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2004	\$ <u>(251)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See independent auditor's report and accompanying
notes to financial statements

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WOODFORD COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2004

	<u>CFDA Number</u>	<u>Pass Through Number</u>	<u>Dis- bursements</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Title I - Migrant	84.011	0531-04	\$ 27,297
Title I	84.010	0531-03	59,122
Title I	84.010	0531-04	309,071
Title I - Part D	84.013	5314-03	46,590
Title I - Part D	84.013	5413-04	51,660
Title II - Teacher Quality	84.281	0530-04	153,535
Title IIA - Teacher Quality	84.367	0710-03	6,508
Title IIC - Vocation Education	84.048	5462-04	31,156
Title IID - Educational Technology	84.318	05-3851	9,669
Title IV - Safe and Drug Free Schools	84.186	0590-03	12,921
Title IV - Safe and Drug Free Schools	84.186	0590-04	12,843
Title V	84.298	5334-03	1,063
Title V	84.298	5334-04	13,436
IDEA B	84.027	0591-03	48,062
IDEA B	84.027	0591-04	471,099
IDEA B Preschool	84.173	0587-03	23,906
IDEA B Preschool	84.173	0587-04	36,617
Job Coach Program	84.126	0552-03	12,056
Job Coach Program	84.126	0552-04	4,874
 <u>KY Workforce Development Cabinet</u>			
Title III - Limited English Proficient	84.365	0535-04	15,168
Adult Education - Institutional Corrections	84.002	0535-04	20
Adult Education - State Admin Basic	84.002	0535-04	28,629
Adult Education - State Portion	84.002	0535-04	53,167
Adult Education - Workplace Essentials	84.002	0535-04	4,886
DAEL Staff Development	84.002	0535-04	2,985
Summer Literacy Program	84.323	0535-04	9,000
Tech Prep	84.243	0535-03	5
Tech Prep	84.243	0535-04	7,000
Total of U.S. Department of Education			<u>1,452,345</u>
 <u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through State Department of Education			
National School Lunch Program	10.555	0575-01-03	350,644
National School Breakfast Program	10.559	0575-01-03	75,807
 Passed through the Kentucky Department of Agriculture:			
Food Distribution Program	10.550	N/A	<u>76,615</u>
Total U.S. Department of Agriculture			<u>503,066</u>
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Service Learning Youth Council	94.004	N/A	<u>4,000</u>
Total U.S. Department of Health and Human Services			<u>4,000</u>
Total Federal Awards			\$ <u>1,959,411</u>

WOODFORD COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year ended June 30, 2004

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Woodford County School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WOODFORD COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2004

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued (unqualified):

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no
- Reportable condition(s) identified
that are not considered to be material
weaknesses? _____yes X none reported

Noncompliance material to financial
statements noted?

_____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X no
- Reportable condition(s) identified
that are not considered to be material
weakness(es)? _____yes X none reported

Type of auditor's report issued on compliance for major programs (unqualified):

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133?

_____yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
10.550, 10.555, 10.559	Nutrition Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish
Between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee? _____yes X no

Section II – Financial Statement of Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

WOODFORD COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2004

There were no prior year audit findings.

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**



Certified Public Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Woodford County School District
Lexington, Kentucky

We have audited the financial statements of Woodford County School District as of and for the year ended June 30, 2004 and have issued our report thereon dated September 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and state audit requirements.

Compliance

As part of obtaining reasonable assurance about whether Woodford County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards or state audit requirements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodford County School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Woodford County School District in a separate letter dated September 1, 2004.

This report is intended for the information of members of the Kentucky State Committee for School District Audits, the members of the Board of Education of Woodford County School District, the Kentucky Department of Education management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Carpenter, Mountjoy & Brussley, A.S.C.

Lexington, Kentucky
September 1, 2004

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Woodford County School District
Lexington, Kentucky

Compliance

We have audited the compliance of Woodford County School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Woodford County School District's major federal programs are identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Woodford County School District's management. Our responsibility is to express an opinion on Woodford County School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and state audit requirements. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Woodford County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Woodford County School District's compliance with those requirements.

In our opinion, Woodford County School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Woodford County School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Woodford County School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contract and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. In addition, the results of our tests disclosed no instances of noncompliance of specific state statutes or regulations identified in Appendix II of the Independent Auditor's Contract - State Audit Requirements.

This report is intended for the information of members of the Kentucky State Committee for School District Audits, the members of the Board of Education of Woodford County School District, the Kentucky Department of Education management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Carpenter, Mountjoy & Bressley, P.S.C.

Lexington, Kentucky
September 1, 2004

MANAGEMENT LETTER COMMENTS

Carpenter, Mountjoy & Bressler

Certified Public Accountants and Advisors

Members of the Board of Education of
Woodford County School District
Lexington, Kentucky

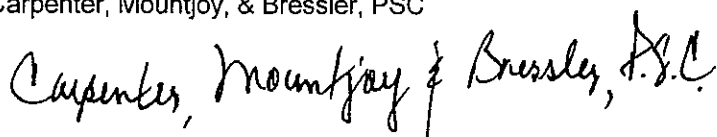
In planning and performing our audit of the financial statements of Woodford County School District for the year ended June 30, 2004, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated September 1, 2004 contains our report on the District's internal control structure. This letter does not affect our report dated September 1, 2004 on the financial statements of the Woodford County School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and their implementation is currently being reviewed. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

Carpenter, Mountjoy, & Bressler, PSC



Lexington, Kentucky
September 1, 2004

WOODFORD COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

June 30, 2004

None

WOODFORD COUNTY HIGH SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2004

None

WOODFORD COUNTY MIDDLE SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2004

None

HUNTERTOWN ELEMENTARY SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2004

None

NORTHSIDE ELEMENTARY SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2004

None

SIMMONS ELEMENTARY SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2004

Eliminate Incurring Sales Tax

During our audit, we noted two instances when the school paid sales tax. The "Accounting Procedures for Kentucky School Activity Funds" states that schools are exempt from paying sales tax and employees purchasing items on behalf of the schools cannot be reimbursed for sales tax.

Management's Response

This was an oversight on the school's part. The bookkeeper will practice greater vigilance to see that this does not happen again.

Dual Signatures

During our audit, we noted three instances where checks did not have dual signatures. According to the "Accounting Procedures for Kentucky School Activity Funds" all checks should be signed by both the principal and the bookkeeper.

Management's Response

The bookkeeper will monitor the signatures to make sure there are two on each check.

SOUTHSIDE ELEMENTARY SCHOOL

MANAGEMENT LETTER COMMENTS

June 30, 2004

Monthly Financial Reports

During our audit, we noted that the internal annual financial statements were not mathematically correct. We recommend that the bookkeeper be responsible for reviewing all financial reports for potential errors before signing and dating the report.

Management's Response

In the future, the bookkeeper will make sure that she double-checks all figures for accuracy.

WOODFORD COUNTY ADULT EDUCATION CENTER

MANAGEMENT LETTER COMMENTS

June 30, 2004

Separation of Duties

Currently, the bookkeeper opens the bank statements and reconciles the account before the director checks the bank statement for accuracy. The director should open all bank statements and check for errors or items that are inconsistent with the schools records before the bookkeeper reconciles the account.

Management's Response

Procedures have been put in place for the monthly reconciliation of the Adult Education account. The program coordinator will open the monthly bank statement and check for errors or items that are inconsistent with the school's records before giving to the bookkeeper to reconcile the account.

WOODFORD COUNTY COMMUNITY EDUCATION CENTER

MANAGEMENT LETTER COMMENTS

June 30, 2004

Outstanding Checks

During our audit, we noted that several checks on the bank reconciliation had been outstanding longer than one year. According to the "Accounting Procedures for Kentucky School Activity Funds", the School should write off any outstanding checks that are over one year old. We recommend that the list of outstanding checks be scanned monthly for checks that should be written off.

Management's Response

All outstanding checks older than one year have been written off and this procedure will be added to our monthly financial process.